

Request for Information
Investigative Due Diligence Services
Responses to Offeror Questions

1. Within the service agreement section 12 the dollar amounts are not completed in that section. Would you like us to complete this or will this be determined upon entering into said agreement?

Answer: The dollar amounts in section 12 of the agreement will be completed when the System and the Contractor enter into an agreement for the services outlined in the RFI.

2. On the Non-Disclosure Agreement – Attachment C-1: Is a full list of all our employees within the IDD group required and their signatures? Does this apply to potential subcontractors as well who we may work in conjunction with?

Answer: At the time the agreement is executed, all employees and contractors that would be assigned to the services outlined within this RFI are required to be listed on Attachment C-1. Attachment C-1 may be updated as staff or contractor assignments change. See answer to question 26 for additional information.

3. On Page 10 section F. 4 – What is the Technical Proposal?

Answer: The Technical Proposal is the proposal submitted by your firm for the Investigative Due Diligence RFI, outlining how your firm will provide the services in the Scope of Services section.

4. Do you have frequent/specific locales or jurisdictions pertaining to international investigations?

Answer: The System's asset class consultants conduct due diligence on the System's investments that they source and recommend. Investigative due diligence services sought through this RFI would be requested for investments that are pursued without the use of one of these consultants. The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. Therefore, the System does not have data on past investigations. Information about the System's investments is available online in the Investment Section of the System's Comprehensive Annual Financial Report.

5. For Attachment 2 Form of IDD Services Agreement Page 9 – section 21: Subcontracting Assignment : Does the term subcontractors include third party vendors such as various

commercial databases (e.g. Lexis Nexis); The Work Number; or National Student Clearinghouse all of which may be given personally identifying information in order to verify employment, education or other matters?

Answer: The System does not provide legal advice regarding contract interpretation to prospective Offerors.

6. Background Statement: Regarding the proposed DILIGENCE SERVICES AGREEMENT, Section 5 “Right to Records” and 13 “Ownership of Data,” with FADV’s other clients, FADV retains ownership rights in the due diligence reports and grants to clients a broad, but limited license to view and make use of the reports for due diligence purposes. Otherwise, with the proposed AGREEMENT as written, if FADV conducts due diligence on a particular fund for Maryland State Retirement and Pension System, FADV would then be prohibited from doing due diligence (and issuing a report) on that same fund for future clients. This is problematic given that multiple clients are looking to invest in the same funds. It is likely that due diligence reports FADV provides to Maryland State Retirement and Pension System would contain research previously conducted for previous clients – this is FADV’s business model and allows us to provide information at a price and an availability of records that would not be possible otherwise. Further, if FADV’s reports become generally available through public disclosure, potential clients would not purchase the report from us.

Question: Would Maryland State Retirement and Pension System be willing to amend Sections 5 and 13, and also 6 “Confidentiality,” 7 “Liability”, and 8 “Indemnification” to provide that Offeror retains ownership rights in background due diligence reports and grants to Maryland State Retirement and Pension System a limited license to view and make use of the reports for due diligence purposes?

Answer: The System would consider a technical proposal based on a licensing model. Any amendments proposed by an Offeror to the agreement should be narrowly tailored to reflect that model and should be based on the Offeror’s standard form of service contract, which should be provided to the System for review. Because the System’s contracts must meet standards for form and legal sufficiency under applicable state law, including the Maryland Public Information Act, the System may not be able to agree to certain proposed amendments.

7. What is the anticipated annual volume of subjects that would require investigative due diligence reviews, and what is the breakdown of individuals and firms that would be reviewed?

Answer: It is expected that the System would request less than 10 investigations a year. The subjects of the investigations would be limited to the principals of an investment manager or fund and most likely 3-5 individuals.

8. Of the total subjects reviewed, what is the breakdown of US and non-US locations?

Answer: As investigations will be requested for new investments, we cannot estimate the volume of US vs. non-US investigations.

9. Is it suggested that Exhibit B or Exhibit C (or both) be completed and submitted with the Offeror's response? Within the Timeline and Submission Details section there is reference to the non-disclosure agreement which is labeled in Attachment 2 as Exhibit C.

Answer: Attachment 2 and any exhibits within Attachment 2 are to be completed after the contract has been awarded to an Offeror. An Offeror may return an initial, signed version of Exhibit C with its response.

10. Question 10 is omitted under the Organizational Background section in Attachment 1. Is there an additional question we should be responding to?

Answer: No, this was an error.

11. Who is the incumbent firm?

Answer: The System's asset class consultants conduct due diligence on the System's investments that they source and recommend. Investigative due diligence services sought through this RFI would be requested for investments that are pursued without the use of one of these consultants. The System currently does not have a separate contract in place to perform investigative due diligence services.

12. How long has the incumbent firm held this contract?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services. See answer to question 11 for additional information.

13. What was the amount of the last contract award for these services?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services. See answer to question 11 for additional information.

14. Would you consider an award to multiple firms?

Answer: No, the contract will be awarded to a single firm.

15. Is this RFP intended for commoditized “cookie-cutter” background services and, therefore, based primarily on price?

Answer: The RFI is intended for investigative due diligence services as outlined in the Scope of Services. Both financial and technical proposal information will be considered.

16. Would a firm that provides more in-depth due diligence be considered for part of this project? In other words, may a firm bid on only one type of due diligence service?

Answer: The Offeror should submit a response to the specific services requested as outlined in the Scope of Services section.

17. Is the type of due diligence sought to be obtained exclusively from open source and proprietary databases?

Answer: We anticipate that the investigative services would be database driven. However, it is possible that more in-depth investigative services would be necessary if concerns arise during the investigation.

18. Will firms with public company clients who are not institutional investors be considered?

Answer: Yes, but the company would need to demonstrate experience with large institutions.

19. Will firms without two institutional investor clients with assets greater than \$5 billion be disqualified from performing all aspects of this work?

Answer: No

20. May we amend identifying information in our sample reports to protect client privacy?

Answer: Yes

21. May we include multiple sample reports?

Answer: Yes

22. Does the Agency have an anticipated volume of due diligence services (e.g. how many investigations are expected on a weekly/monthly/quarterly basis for both U.S. entities and/or non-U.S. entities)?

Answer: It is expected that the System would request less than 10 investigations a year. As investigations will be requested for new investments, we cannot estimate the volume of US vs. non-US investigations.

23. Does the Agency have any expected percentage of U.S. entities vs. non-U.S. entities that may be vetted?

Answer: As investigations will be requested for new investments, we cannot estimate the volume of US vs. non-US investigations. See answer to question 4 for additional information.

24. Will any of the investigative due diligence services be conducted on entities with whom the Agency already has an existing relationship?

Answer: The System may request investigations for existing managers or funds.

25. Does the System currently engage a vendor to provide background checks?

Answer: The System's asset class consultants conduct due diligence on the System's investments that they source and recommend. Investigative due diligence services sought through this RFI would be requested for investments that are pursued without the use of one of these consultants. The System currently does not have a separate contract in place to perform investigative due diligence services.

26. Offeror goes to great lengths to protect data and has a secure online case management system that tracks each access to confidential information and is approved for use by and subject to auditing by Top 10 US Banks. Maintaining the anonymity of Offeror's employees and independent contractors is paramount to limiting potential attack vectors from threat agents. Offeror also employs many redundant information security measures to protect confidential information. To this end, Offeror would agree to supply employee and contractor information to the System if a suspected security incident occurs, but not before. Is this arrangement acceptable to the System?

Answer: The System expects the Contractor to enter into a non-disclosure agreement with the System substantially in the form of the agreement in Exhibit C. If an Offeror has concerns about the maintaining the confidentiality or anonymity of the personnel performing services under the agreement, the Offeror may propose amendments to the agreement or attachment. Any amendments proposed by an Offeror to the agreement should be narrowly tailored to reflect those concerns. Because the System's contracts must meet standards for form and legal sufficiency under applicable state law, including the Maryland Public Information Act, the System may not be able to agree to certain proposed amendments.

27. How many investment managers, financial institutions, private funds, or general partners is the System invested with currently?

Answer: 319

28. Of the answer to the question above, how many entities/individuals will the winning Contractor be engaged to investigate?

Answer: It is expected that the System would request less than 10 investigations a year. The subjects of the investigations would be limited to the principals of an investment manager or fund and most likely 3-5 individuals.

29. If there is currently a process in place, how many checks were run in 2015 and how many have been run in 2016 YTD?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. Therefore, the System does not have data on past investigations. See answer to question 4 for additional information.

30. What percentage of checks are international?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. Therefore, the System does not have data on past investigations. See answer to question 4 for additional information.

31. What percentage of checks are domestic?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. Therefore, the System does not have data on past investigations. See answer to question 4 for additional information.

32. What are the top 5 international countries where the System requests checks to be done?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. Therefore, the System does not have data on past investigations. See answer to question 4 for additional information.

33. What is the Agency's expected ballpark volume of projects on an annual basis? Within each project, how many subjects, including individuals and firms, would you expect to include?

Answer: It is expected that the System would request less than 10 investigations a year. The subjects of the investigations would be limited to the principals of an investment manager or fund and most likely 3-5 individuals.

34. What countries does the Agency foresee the need to perform background due diligence in?

Answer: As investigative due diligence services will be performed on new managers or funds in the future, it is difficult to project the involved countries. See answer to question 4 for additional information.

35. When seeking to perform investigative due diligence reviews of individual subjects, will the Agency be requesting their consent? If the Agency is not looking to request consent or the individual subjects refuse, will the Agency proceed with the investigation without the subjects' consent, in a discreet manner?

Answer: Yes, the System will be requesting consent from the individuals.

36. In Attachment 2, section 1.1, "Exhibits A-G" are mentioned in the body of the question, however only A through F are listed. Is that just a typo or is there an Exhibit G?

Answer: There is no Exhibit G. That was an error.

37. After the Offerors responses are submitted on 8/15/2016, when do you expect to make a decision about extending the contract? Is there a date on when you plan to initiate the engagement of a third party investigative due diligence provider's expertise?

Answer: The System does not have an estimated date of when the contract will be awarded.

38. How will the long term viability of the Offerors be assessed given the 5 year contract?

Answer: The System will evaluate the Offeror's client base and years in business.

39. What is the current process or solution for the Agency's investigative due diligence review needs?

Answer: The System currently does not have a separate contract in place to perform investigative due diligence services or perform such services ourselves. See answer to question 4 for additional information.

40. What is the biggest factor, or factors, in the decision making process for selecting the Contractor?

Answer: Both technical and financial information provided by the Offeror will be considered.

41. In Attachment 1, Section A, question 10 is missing. The sequence of questions goes from 9 to 11. Is that just a typo or is there a question missing?

Answer: This is an error.

42. Does Exhibit D need to be signed and returned with our proposal, or upon award of contract?

Answer: Exhibit D should be signed upon award of the contract.

43. For the “List of Contractor’s Employees And Agents Who Will Be Given Access To The Confidential Information” in the NDA, is does that only apply to the RFP materials, or to the performance of services?

Answer: At the time the agreement is executed, all employees and contractors that would be assigned to the services outlined within this RFI are required to be listed on Attachment C-1. See answers to questions 2 and 26 for additional information.